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U.S. DISTRICT COURT  
2010 AUG -4 P 4: 17

DISTRICT OF UTAH  
BY: DEAL  
DEPUTY CLERK

IN THE UNITED STATES DISTRICT COURT  
DISTRICT OF UTAH, NORTHERN DIVISION

UNITED STATES OF AMERICA,	:	Case No.
	:	
Plaintiff,	:	
	:	INDICTMENT
v.	:	
	:	Viol. 18 U.S.C. §§, 1343 (Wire Fraud), 1957
JOSE ARTURO RIFFO and	:	(Money Laundering), and 2 (Aiding &
ALAN C. MONSON,	:	Abetting).
	:	
Defendants.	:	Case: 2:10-cr-00686
	:	Assigned To : Benson, Dee
	:	Assign. Date : 8/4/2010
	:	Description: USA v.

The Grand Jury charges:

**BACKGROUND**

**The Defendants**

1. At all times relevant to this Indictment, defendant JOSE ARTURO RIFFO ("defendant RIFFO") was a resident of Salt Lake County, Utah, and controlled the following bank accounts, among others:

- Savings Account # XXXXXX3675 - at JP Morgan Chase Bank, a financial institution as defined in 31 U.S.C. § 5312(a)(2)(A), in Salt Lake City, Utah, held in the name of Dippardo Financial & Guaranty Group, a company controlled by defendant RIFFO;

- Checking Account # XXXXXX8220 - at JP Morgan Chase Bank, a financial institution as defined in 31 U.S.C. § 5312(a)(2)(A), in Salt Lake City, Utah, held in the name of Dippardo Financial & Guaranty Group, a company controlled by defendant RIFFO;

2. At all times relevant to this Indictment, defendant ALAN C. MONSON

("defendant MONSON") was a resident of Salt Lake County, Utah.

### **THE SCHEME AND ARTIFICE TO DEFRAUD**

3. From a date on or before September 2005 to around March 2006, in the Northern Division of the District of Utah,

#### **JOSE ARTURO RIFFO and ALAN C. MONSON,**

defendants herein, knowingly executed and intended to execute a scheme and artifice to defraud and to obtain money from J.S. by means of false and fraudulent pretenses, representations, and promises, in that defendants RIFFO and MONSON falsely represented that funds provided by J.S. would be invested in the development and manufacture of personal data storage devices known as "Crypto Cards," when in fact no such investment project existed, and the funds were used to personally enrich the defendants. In execution and furtherance of such scheme and artifice to defraud, defendants RIFFO and MONSON performed, and caused to be performed, the acts described below.

**OBJECT OF THE SCHEME AND ARTIFICE TO DEFRAUD**

4. It was the object of the scheme and artifice to defraud for defendants RIFFO and MONSON to persuade J.S. that new personal data storage devices known as the "Crypto Cards" were being developed for manufacture by companies controlled by defendant RIFFO, and that by persuading J.S. to invest in that non-existent enterprise, defendant RIFFO could divert the investment funds to himself while defendant MONSON would be paid a commission by J.S. for having introduced him to defendant RIFFO.

**MANNER AND MEANS OF THE SCHEME AND ARTIFICE TO DEFRAUD**

The scheme and artifice to defraud was accomplished in the following manner and through the following means:

5. It was part of the scheme and artifice to defraud, that starting in around August 2005, defendant MONSON, who was defendant RIFFO's business partner, contacted J.S. for the purpose of setting up a meeting in which RIFFO would tell J.S. about a new, secret technology that RIFFO was developing.

6. It was further a part of the scheme and artifice to defraud that on or about September 8, 2005, J.S. met with defendants RIFFO and MONSON, as well as witnesses W.W. and G.S. RIFFO told J.S. that RIFFO's companies were in the process of developing a new technology called the "Crypto Card," that would permit, among other things, an individual's DNA profile to be placed on a device that was slightly larger than a credit card. Defendant MONSON told J.S. the technology was real and ready for mass production. Defendant RIFFO showed J.S. several thick presentation books purportedly pertaining to the Crypto Card technology being developed by RIFFO's companies, Crypto Corporation, Inc. ("Crypto") and

Global Database Information Systems, Inc. ("Global"). RIFFO told J.S. that MONSON and he were a Director and President, respectively, of the companies.

7. It was further a part of the scheme and artifice to defraud that defendant RIFFO told J.S. he had developed two cards, the Crypto Card, and Glodis Crypto Card, the latter of which could also hold a person's medical records. RIFFO claimed the cards had their own operating systems, were encrypted, could store substantial amounts of financial data, were virtually indestructible, were automatically powered, and would last 200 years.

8. It was further a part of the scheme and artifice to defraud that defendant RIFFO also told J.S. that he would have to invest in Crypto and Global in order to receive the full disclosure of the technology, including being able to see a prototype of the card. RIFFO also stated there were patents on the Crypto Card technology.

9. It was further a part of the scheme and artifice to defraud that at a subsequent meeting on or about September 16, 2005 arranged by defendant MONSON, defendant RIFFO told J.S. that he was a quantum physicist and nuclear engineer with his own laboratory, worked with DNA worldwide, and thoroughly understood how the human genetic code worked. RIFFO further claimed that he was associated with the U.S. Government, that the U.S. Government used his technology, and that other well-known individuals had expressed a desire to invest in the Crypto Card technology.

10. It was further a part of the scheme and artifice to defraud that another meeting was held on or about September 19, 2005 among J.S., W.W., and defendants RIFFO and MONSON, in which RIFFO represented that another well-known individual had offered more than \$50 million to purchase the investment share in the Crypto Card technology RIFFO was offering to

J.S.

11. It was further a part of the scheme and artifice to defraud that another meeting was held on or about October 7, 2005 among J.S. and defendants RIFFO and MONSON, at which RIFFO represented that another well-known individual had offered to buy all of the Crypto Card technology from RIFFO for \$500 million, and then resell it to another well-known individual for \$1 billion. RIFFO also claimed that over 30 scientists throughout the U.S. were working on the Crypto Card technology, and that RIFFO's family had invested over \$75 million in the project, and that proven prototypes now existed.

12. It was further a part of the scheme and artifice to defraud that all of the aforescribed representations by defendants RIFFO and MONSON to J.S. were false. Based upon those representations, the defendants persuaded J.S. to invest in Crypto and Global. To memorialize that agreement, J.S. on October 7, 2005 signed a document entitled "Business Asset Purchase Agreement" ("the Agreement"), with RIFFO and MONSON on behalf of Crypto and Global.

13. It was further a part of the scheme and artifice to defraud, and based upon the representations made by defendants RIFFO and MONSON, that pursuant to the Agreement, J.S. sent \$2.5 million via interstate wire from his Goldman Sachs Account # XXXXXXXX8506 with Citibank, in New York, New York, to Savings Account #XXXXXXX3675 at JP Morgan Chase Bank in Salt Lake City, Utah ("the Chase Savings Account") on or about October 18, 2005. The Chase Savings Account was in the name of Dippardo Financial & Guaranty Group ("Dippardo"); defendant RIFFO was the president of that group and sole signer on the account.

14. It was further a part of the scheme and artifice to defraud that defendant RIFFO

opened the Chase Savings Account, as well as Chase Checking Account #XXXXXXX8220 ("the Chase Checking Account"), on or about October 13, 2005, only five days prior to J.S. depositing the \$2.5 million in the Chase Savings Account. In opening both Chase accounts, defendant RIFFO used the social security number of another person, R.M., an individual residing in Wichita, Kansas.

15. It was further a part of the scheme and artifice to defraud that prior to J.S.'s \$2.5 million deposit in the Chase Savings Account controlled by defendant RIFFO, the account had a zero balance. Other than \$125,00 later deposited in the account by W.W., the only funds present in the Chase Savings Account were J.S.'s investment.

16. It was further a part of the scheme and artifice to defraud that on or about October 20, 2005, two days after J.S. had deposited \$2.5 million to invest in the Crypto Card, defendant RIFFO made several withdrawals from the Chase Savings Account. RIFFO transferred approximately \$200,000 to Chase Account # XXXXXX6158, held in the name of Allstate Life Insurance for an annuity in RIFFO's name. He took approximately \$99,000 out of the Chase Savings Account to purchase ten official checks that were used to purchase three vehicles for the personal use of himself and/or his family. Defendant RIFFO also withdrew another official check made out to Cash for \$10,000.00. None of these withdrawals of J.S.'s investment were for the development or manufacture of the Crypto Card, and were solely for the personal benefit of defendant RIFFO and/or his family.

17. It was further a part of the scheme and artifice to defraud that on or about November 2, 2005, and based upon the representations made by defendants RIFFO and MONSON, and pursuant to the Agreement, J.S. paid MONSON the agreed \$37,500.00

commission by check #3014 drawn on J.S.'s Account # XXXXXXXXX1287 with Bank One in Columbus, Ohio, which MONSON signed over to W.W., who then deposited the check in Account # XXXXXX9789 with Zion's Bank in Salt Lake City, Utah. As a result, approximately \$37,500.00 was transferred by interstate wire from J.S.'s Bank One Account to W.W.'s Zion's Bank Account.

18. It was further a part of the scheme and artifice to defraud that on or about November 8, 2005, defendant RIFFO transferred approximately \$296,000.00 from the Chase Savings Account to the Chase Checking Account; and that on or about November 16, 2005, RIFFO withdrew another approximately \$102,324.39 from the Chase Savings Account, all of which funds were used to purchase a home at 1065 Foothill Drive, Salt Lake City, Utah ("the Foothill Property"), for the personal benefit of defendant RIFFO and/or his family. None of these withdrawals of J.S.'s investment were for the development or manufacture of the Crypto Card.

19. It was further a part of the scheme and artifice to defraud that on or about November 14, 2005, defendant RIFFO transferred approximately \$403,250 from the Chase Savings Account to the Chase Checking Account. That same day, RIFFO transferred from the Chase Checking Account approximately \$262,219.91 that was used to purchase for the personal benefit of defendant RIFFO and/or his family a property at 159 South, 300 West, #100, Salt Lake City, Utah ("the Broadway Property"). In addition, on that same day, RIFFO also withdrew approximately \$134,397.30 from the Chase Checking account to purchase for the personal benefit of himself and/or his family a property at 1558 West Vivante Way, Salt Lake City, Utah ("the Vivante Way Property"). These withdrawals of J.S.'s investment were not for the development or manufacture of the Crypto Card.

20. It was further a part of the scheme and artifice to defraud that on or about November 22, 2005, defendant RIFFO transferred \$200,000.00 from J.S.'s investment funds in the Chase Savings Account to a Chase account held in the name of Allstate Life Insurance for an annuity in the name of RIFFO's wife, P.R.. This withdrawal of J.S.'s investment was not for the development or manufacture of the Crypto Card, and was solely for the personal benefit of defendant RIFFO and/or his family.

21. It was further a part of the scheme and artifice to defraud that on or about December 6, 2005, defendant RIFFO transferred approximately \$5,050.00 from the Chase Savings Account to the Chase Checking Account, and on January 4, 2006, withdrew \$520,727.20 from the Chase Savings Account to purchase an official check in the same amount, all of which funds were used to purchase for the personal benefit of RIFFO and/or his family a property at 3125 Kennedy Drive, Salt Lake City, Utah ("the Kennedy Property"). These withdrawals of J.S.'s investment were not for the development or manufacture of the Crypto Card.

22. It was further a part of the scheme and artifice to defraud that on or about March 6, 2006, defendant RIFFO wire transferred approximately \$157,190.15 from the Chase Savings Account to Safford Title Agency, Inc., Account #XXX1232 at Bank One in Safford, Arizona to purchase property located at 821 and 825 West 7<sup>th</sup> Street, Safford, Arizona ("the Safford Property"), for the personal benefit of RIFFO and/or his family. This withdrawal of J.S.'s investment was not for the development or manufacture of the Crypto Card.

23. It was further a part of the scheme and artifice to defraud that other than \$12,000.00 in the Chase Checking Account at the time J.S. deposited his \$2.5 million in the Chase Savings Account, the only deposits made into the Chase Checking Account were transfers



by defendant RIFFO of J.S.'s investment funds from the Chase Savings Account.

24. It was further a part of the scheme and artifice to defraud that defendant RIFFO never used any of J.S.'s \$2.5 million investment for its lawful, represented purpose of developing and manufacturing the Crypto Card, but instead used those funds for the personal enrichment of himself and his family.

**Counts 1 and 2**  
**18 U.S.C. §§ 1343, 1346 and 2**  
**(Wire Fraud)**

25. The Grand Jury incorporates and realleges the allegations contained in paragraphs 1 through 24 above.

26. On or about the dates listed below, in the District of Utah,

**JOSE ARTURO RIFFO and**  
**ALAN C. MONSON,**

defendants herein, for the purpose of executing said scheme and artifice to defraud, and attempting to do so, did cause to be transmitted by means of wire communications in interstate commerce certain writings, signs and signals (to wit: bank transfers of funds):

Count	Date (on or about)	Sender	Recipient	Amount of Wire Transfer (approximate)
1	10/18/05	J.S. from Account # XXXXX with Citibank, in New York, New York	defendant RIFFO's Savings Account #XXXXXXXX3675 at JP Morgan Chase Bank in Salt Lake City, Utah	\$2.5 million

2	11/2/05	J.S.'s Account # XXXXXXXXXX1287 with Bank One in Columbus, Ohio	defendant MONSON, signed the check over to W.W. to be deposited in Account # XXXXXX9789 at Zions Bank in Salt Lake City, Utah	\$37,500.00
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All in violation of 18 U.S.C. §§ 1343, 1346, and 2(a) and (b).

**Counts 3 through 7  
18 U.S.C. § 1957  
(Money Laundering)**

27. The Grand Jury incorporates and realleges the allegations contained in paragraphs 1 through 26 above.

28. On or about the dates listed below, in the Central Division of the District of Utah,

**JOSE ARTURO RIFFO,**

defendant herein, did knowingly engage and attempt to engage in the following monetary transactions by, through, or to a financial institution, affecting interstate commerce, in criminally derived property of a value greater than \$10,000, that is, the withdrawal, deposit, and transfer of U.S. currency, such property having been derived from a specified unlawful activity (to wit: wire fraud under 18 U.S.C. § 1343):

Count	Date of Monetary Transaction	Source Account	Instrument	Amount (approximate)	Recipient
3	11/8/05	Dippardo Financial & Guaranty Group, Inc., Chase Bank Checking Account # XXXXXX8220	Check # 1005	\$296,800.00	US Bank (for payoff of Foothill Property)
4	11/16/05	Dippardo Financial & Guaranty Group, Inc., Chase Bank Savings Account # XXXXXX3675	Official Check # 825357005	\$102,324.39	Lundberg & Associates (for payoff of Foothill Property)

5	11/14/05	Dippardo Financial & Guaranty Group, Inc., Chase Bank Checking Account # XXXXXX8220	Wire transfer	\$262,219.91	Metro National Title, escrow # XXXX4742-JARS, Salt Lake City, UT (purchase of Broadway Property)
6	11/14/05	Dippardo Financial & Guaranty Group, Inc., Chase Bank Checking Account # XXXXXX8220	Official Check # 121732161	\$134,397.30	Backman Title (purchase of Vivante Way property)
7	1/4/06	Dippardo Financial & Guaranty Group, Inc., Chase Bank Savings Account # XXXXXX3675	Official Check # 645516904	\$520,727.20	Integrated Title Insurance Services (purchase of Kennedy property)

All in violation of 18 U.S.C. §§ 1957.

#### **NOTICE OF INTENT TO SEEK CRIMINAL FORFEITURE**

As a result of the offenses alleged in Count 1 of this Indictment, defendant RIFFO shall forfeit to the United States pursuant to 18 U.S.C. § 982(a)(1) any and all property, real and personal, constituting proceeds derived from violations of 18 U.S.C. § 1957, and any property, real and personal, involved in such offense, and any property traceable thereto, including but not limited to the following:

- **MONEY JUDGMENT** in the amount of \$2,537,500.00, representing the value of the proceeds obtained by the defendant in connection with the above-referenced offenses.

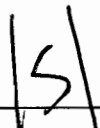
**SUBSTITUTE ASSETS**

If any of the above-described forfeitable property, as a result of any act or omission of defendant RIFFO,

- (1) cannot be located upon the exercise of due diligence;
- (2) has been transferred or sold to, or deposited with, a third person;
- (3) has been placed beyond the jurisdiction of the court;
- (4) has been substantially diminished in value; or
- (5) has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to 28 U.S.C. § 2461(c) and 21 U.S.C. § 853(p), as incorporated by 18 U.S.C. § 982(b)(1), to seek forfeiture of any other property of defendant RIFFO up to the value of the above-forfeitable property.

A TRUE BILL:

  
\_\_\_\_\_  
FOREPERSON OF THE GRAND JURY

CARLIE CHRISTENSEN  
United States Attorney

  
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TREY MAYFIELD  
Assistant United States Attorney